

Cycle to Work Scheme

Policy Number: HR EB 002

Date: August 2020

Status: Approved

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1. Introduction

Cycling offers real benefits to employees and employers alike. Many would argue that cycling to work offers employees the opportunity to maintain a healthier lifestyle while minimising the stresses associated with travelling by car and other more costly forms of transport. Travelling to work by bicycle is seen as a key action to help the wider community achieve reductions in congestion and pollution. It is also seen as underpinning initiatives targeting cost efficient and balanced infrastructural development and maintenance.

Large numbers of people already cycle to work and IADT will strive to incorporate new national and local initiatives to support such leadership. At national level, the **Bike Scheme** www.biketowork.ie from the Government is one such initiative.

2. Cycle to Work Scheme

2.1. Overview

The Government's Cycle to Work Scheme (**Annex A**) aims to:

- Encourage more employees to cycle to and from work
- Contribute to lowering carbon emissions
- Help reduce traffic congestion
- Help improve health and fitness levels.

IADT will support the implementation of this scheme (**Annex B**) through the salary sacrifice arrangement (*similar to that in operation for the Travel Pass Scheme*) approved by the Revenue Commissioners. This new scheme will operate as and from 1st October 2009.

2.2. Eligibility

To be eligible to participate in this scheme the staff member must:

(a) Be employed by IADT on a full-time, part-time, term worker or fixed-term contract, at the start date of the Bicycle scheme, i.e. 1st October 2009.

(Some applications received may not be approved where the nature or duration of the contract is such that the Institute adjudicates that it would not be appropriate either from a revenue or provider perspective to apply the scheme in the particular circumstances arising.)

(b) Have submitted a completed Application Form (**Annex C**) which includes the salary sacrifice agreement to Gina Murray, Human Resources Administrator requesting IADT to

purchase a bicycle on their behalf and authorising that the cost be deducted from their gross salary.

3 Salary Sacrifice Agreement

Under a salary sacrifice, agreement the employee agrees to forego or sacrifice part of his or her salary every pay period (weekly/fortnightly/monthly as the case may be) in order to cover the cost of a particular benefit without any liability for benefit-in-kind taxation.

In the specific context of the provision of bicycle / bicycle safety equipment the Revenue Commissioners regard salary sacrifice arrangements that meet the following conditions as being effective for tax purposes:

- (a) There must be a bona fide and enforceable alteration to the terms and conditions of employment (exercising a choice of benefit instead of salary).
- (b) The alteration must not be retrospective and must be evidenced in writing.
- (c) There must be no entitlement to exchange the benefit for cash.
- (d) The choice exercised (i.e. benefit instead of cash) cannot be made more frequently than once in a 5-year period.
- (e) The choice exercised (i.e. benefit instead of cash) must be irrevocable for the relevant year for which it is made.

An approved salary sacrifice scheme brings benefits for both an employee and employer. Because the bicycle and/or equipment are exempt from tax, the employee will not be liable for income tax at his or her marginal rate, employee's PRSI, or levies on the cost of the benefit as reflected in the amount of salary sacrificed.

The employer also benefits in that Employer's PRSI Overhead is not payable on the cost of the bicycle and/or safety equipment. Employers are not however able to reclaim the VAT paid on the bicycle and/or safety equipment.

4. Conditions governing the operation of the scheme.

- (a) The bicycle to be purchased must be used by the employee mainly for qualifying journeys. This means the whole or part (e.g. between home and train station) of a journey between the employee's or director's home and normal place of work, or between his or her normal place of work and another place of work. While an employer will not be required to monitor the use of the bicycle/safety equipment, the employer will be required to obtain a signed statement from the employee or director that the bicycle is for his or her own use and will be used mainly for qualifying journeys.

The tax exempt benefit-in-kind for the bicycle and safety equipment will only apply where the employee agrees to use the bicycle to cycle to and from work or between workplaces.

- (b) The bicycles and /or safety equipment must be purchased by the employer. Once purchased the staff member is liable for the full cost of the bicycle, associated equipment and the maintenance of same. The exemption will not apply where an employee or director purchases a bicycle / safety equipment and gets reimbursed by his or her employer.
- (c) The tax-exempt benefit-in-kind facilitated by IADT will be limited from €1,000 to €1,250 for pedal bicycles and €1,500 for eBikes respectively.
- (d) The full cost of the Bicycle and /or safety equipment must be recovered within a maximum period of twelve months and the salary sacrifice will be reflected in the pay over that period. It must be deducted as per the normal pay (monthly / fortnightly / weekly) cycle or in equal instalments over the remainder of the employee's contract*. (** If the staff member is a term worker, their repayments will be deducted over the amount of weeks they are contracted to work.*)
- (e) The tax exempt benefit-in-kind may only be provided to an individual employee once in a four year period. Employees should note that if they avail of the scheme for even a small amount of expenditure relating to the provision of bicycles and / or safety equipment they will not be able to avail of it again for four years.
- (f) Employees must adhere to the arrangements put in place by IADT (Annex B) to source and purchase bicycles and associated safety equipment under this scheme.
- (g) An employee who terminates his /her employment prior to the expiry of their 12 month agreement will have the outstanding Bicycle Scheme debt deducted from their final salary / wage or any other monies due. In the event of insufficient monies being available to meet the debt in full, the individual must personally reimburse the Institute in respect of the balance of the debt prior to the cessation of their employment with IADT.

5. Application Process

Staff wishing to participate in the scheme should:

- (a) Follow the arrangements put in place by IADT for the sourcing and purchasing a bike and/or associated safety equipment (**Annex B**)
- (b) Submit an Application Form (**Annex C**) to Rebecca Downes, Human Resource Officer on completion of their search and selection.

Niamh Clifford
HR Manager

Attachments:

- Annex A: FAQ's regarding the Bike Scheme
- Annex B: Sourcing and Purchase of Bicycles and /or Safety Equipment.
- Annex C: Application Form and Salary Sacrifice Agreement